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NADA DATA FOR 1985

ECONOMIC IMPACT OF AMERICA'S NEW CAR AND TRUCK DEALERS

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Introduction

Throughout the numerous tables and charts of this, the 1985 edition of NADA DATA, I believe that you, the reader, will be able to discern one overriding trend—franchised dealerships are becoming increasingly large businesses and, as a result, they are having a growing impact on both the national and local economies.

After advancing 17% in 1983, total new unit sales increased another 18% in 1984. Due to this continued recovery in new vehicle sales, the total dollar sales of all franchised dealerships rose to a record $230.6 billion and accounted for 17.8% of total U.S. retail trade sales in 1984. Although the dollar sales increase was led by the recovery in new unit sales, the average dealership also had significant gains in both the used vehicle and service and parts departments.

Since franchised dealers are often one of the major employers within their communities, it was a welcomed sign when the increase in sales led to a rebuilding of dealership payrolls. In 1984, total dealership employment increased 7% to 779,800 persons. The average dealer in 1984 employed 32 persons and had an annual payroll of $623,000. Tha annual payroll of all dealerships totaled $15.4 billion and represented 10.3% of the total retail trade payroll in the nation.

The total economic impact of America's franchised dealers goes far beyond the sale and service of vehicles and the employment of numerous people. In order to successfully operate their businesses, dealers must spend vast sums of money. In 1984, dealers had total expenditures (excluding cost of goods sold) of $26.1 billion. Some typical expenditures include: advertising ($2.2 billion), rent and equivalent ($2.0 billion), floor plan interest ($1.5 billion), and heat, light, and power ($0.7 billion).

In addition to being an important source of tax revenues, the dealer and his employees are also major contributors of time and money to local charities and civic organizations. In 1984, it is estimated that franchised dealers contributed over $75 million to charitable organizations.

Given this tremendous impact that dealers have on the economy, it is good news that they are optimistic concerning the future. For the past nine years, NADA's Industry Analysis Division has conducted a quarterly survey of the profit expectations of dealers. The survey results have closely matched dealers' actual profit experience and also serve as a barometer of national economic trends.

At the beginning of this year, NADA's Optimism Index stood at a level of 151—considerably less than its peak of 180 reached in January of last year, but still high by historical standards. The Optimism Index thus indicates that dealers believe the motor vehicle industry's recovery will continue at a modest pace throughout 1985.

The table and charts in this booklet are aimed at providing a useful financial profile of America's franchised dealerships, as will as an assessment of their impact on the economy. Every effort has been made to present facts and figures, as well as explanatory notes, as clearly and concisely as possible. If, however, you should need either additional of updated data, feel free to contact NADA's Industry Analysis Division at (703) 821-7088.

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NADA DATA is prepared by the Industry Analysis Division. If you need further information or if you would like to order additional copies at $5.00 each, please call (703) 821-7295.

Average Dealer Profile

Total Dealership Sales

Total dollar sales for the average dealership increased sharply in 1984 to a new record. The new vehicle department's share of total dealership sales continued to advance in 1984 due to the rise in unit sales of new cars and trucks. Although both the used vehicle and the service and parts department accounted for a smaller share of total dealership sales in 1984, both had dollar sales increases in excess of 14%.

In addition to having increases in dollar sales, all dealership departments also had increases in the actual unit volume of work performed. The average dealership had a 17% increase in new unit sales. Used unit sales increased 11% and the total number of repair orders performed by the average dealership increased 7%.

Total Gross and Expense

In 1984, both gross and expense as a percent of sales declined for the fourth consecutive year. As shown below, the trend has been for dealerships to become increasingly large businesses that operate on increasingly thin margins.

Some representive major expenses for the average dealership in 1984 are as follows:

Total Payroll	$623,000
Advertising	88,500
Rent and equivalent	80,200
Floor plan interest	60,600

Total Dealership Profits

The sharp recovery in new unit sales from the downturn of 1980-1982 has allowed dealership profitability to return to more normal levels. Net profit before tax as a percent of total sales was 2.18% in 1984. This was the highest profit margin recorded since 1973.

Dealership profitability as measured by return on investment has also shown tremendous gains, especially if one considers the cost of money. Deducting the average yield on one- year Treasury bills from the dealer's net profit before tax as a percent of net worth, shows that in 1980 the average dealer had a negative return. In 1984, this measure of profitability reached its highest level ever.

AVERAGE DEALERSHIP PROFILE

	1978	1979	1980	1981	1982	1983	1984	% Change 1983-84
Total Dealership Sales	$4,717,718	$5,005,359	$4,760,000	$5,529,484	$6,139,848	$7,710,594	$9,319,939	20.87%
Total Dealership Gross	$676,521	$725,277	$731,612	$817,811	$852,211	$1,058,665	$1,257,260	18.76%
As % of Total Sales	14.34%	14.49%	15.37%	14.79%	13.88%	13.73%	13.49%	
Total Dealership Expense	$584,054	$662,209	$702,576	$753,669	$772,393	$893,658	$1,054,085	17.95%
As % of Total Sales	12.38%	13.23%	14.76%	13.63%	12.58%	11.59%	11.31%	
Net Profit Before Taxes	$92,467	$63,068	$29,036	$64,142	$79,818	$165,007	$203,175	23.13%
As % of Total Sales	1.96%	1.26%	0.61%	1.16%	1.30%	2.14%	2.18%	
(Net Pre-tax Profit in Constant '67 Dollars)	$47,312	$29,005	$11,765	$23,550	$27,607	$55,293	$65,308	18.11%
New Vehicle Dept. Sales	$3,024,057	$3,178,403	$2,932,160	$3,378,515	$3,769,867	$4,888,517	$6,095,240	24.68%
As % of Total Sales	64.10%	63.50%	61.60%	61.10	61.40%	63.40%	65.40%	
Used Vehicle Dept. Sales	$986,003	$1,016,088	$999,600	$1,266,252	$1,399,885	$1,734,884	$1,985,147	14.43%
As % of Total Sales	20.90%	20.30%	21.00%	22.90%	22.80%	22.50%	21.30%	
Service and Parts Sales	$707,658	$810,868	$828,240	$884,717	$970,096	$1,087,194	$1,239,552	14.01%
As % of Total Sales	15.00%	16.20%	17.40%	16.00%	15.80%	14.10%	13.30%	
New Vehicles Average Selling Price	$6,470	$6,950	$7,530	$8,850	$9,910	$10,725	$11,100	3.50%
Average New Worth (As of 12/31)	$353,123	$397,566	$378,981	$385,330	$421,693	$556,722	$568,983	2.20%
Net Profit as % of Net Worth	26.19%	15.86%	7.66%	16.65%	18.93%	29.64%	35.71%	

Source: NADA Industry Analysis Division

NADA Optimism Index

For the past eight and a half years, NADA's Industry Analysis Division has conducted a quarterly survey of the profit expectations of new car and truck dealers for the succeeding twelve months. The survey results have closely matched dealers' actual profit experience and also serve as a barometer of national economic trends.

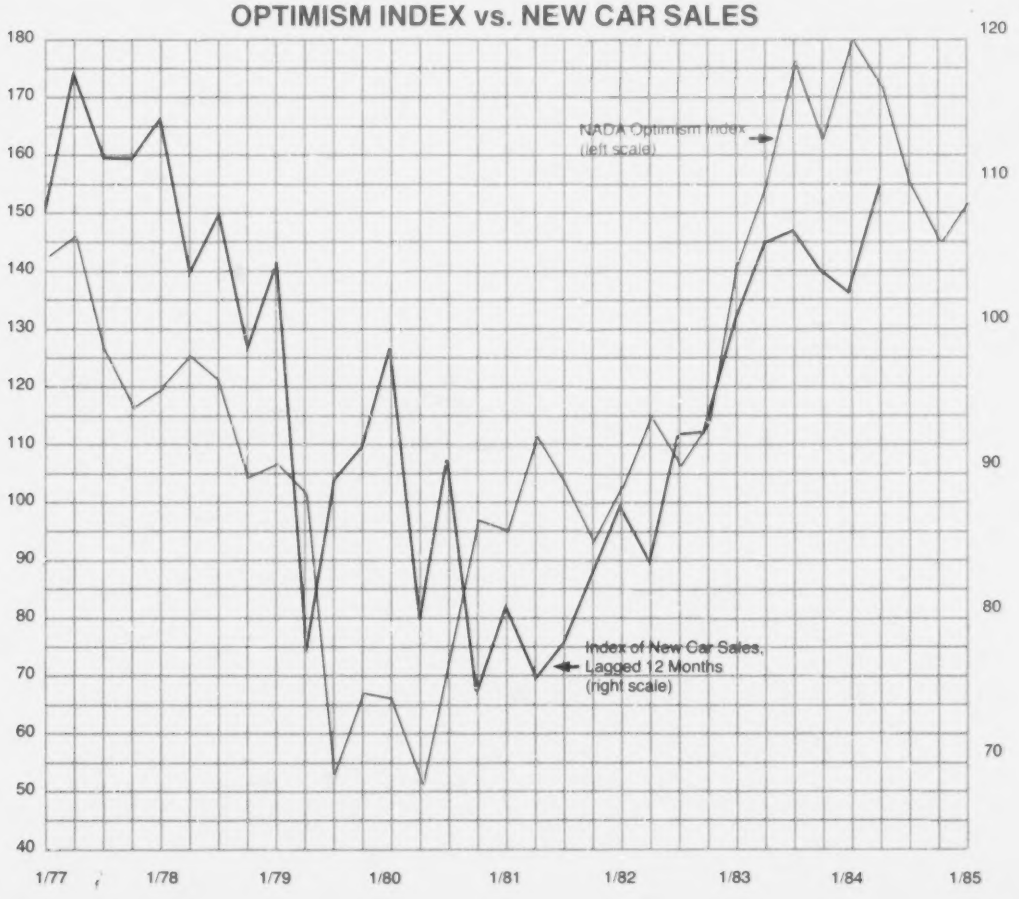
At the beginning of 1985, the NADA Optimism Index stood at a level of 151—considerably less than its peak of 180 which was reached in January of last year, but still high by historical standards. This high level of optimism is very encouraging news because, as can be seen in the chart below, dealers have been quite prescient with respect to turning points in the national economy and new car sales.

Thoughout 1981 and 1982 when many industry analysts were constantly predicting an imminent turnaround in new vehicle sales, dealers showed no significant increase in optimism. In retrospect it can be noted that the low level of dealer optimism was well-founded. The NADA Optimism Index began its most recent rise in early 1983 and subsequently new car sales began to improve. The current high level of dealer optimism indicates that dealers believe the motor vehicle industry's recovery will continue at a modest pace throughout 1985.

Expectations for Dealership Profits

Percent of Dealers Expecting Profits to:

	INCREASE	NO CHANGE	DECLINE	INDEX VALUE
4/76	57.7	35.4	6.9	163
4/77	46.9	43.8	9.3	146
4/78	35.4	51.2	13.4	126
4/79	29.0	50.5	20.4	112
4/80	9.2	25.4	65.3	51
1/81	26.1	48.4	25.5	95
4/81	30.0	51.5	18.6	111
7/81	27.0	52.5	20.5	104
10/81	22.1	50.2	27.7	92
1/82	27.6	48.8	23.6	103
4/82	33.4	47.5	19.2	115
7/82	27.1	51.7	21.2	106
10/82	32.2	49.1	18.8	113
1/83	46.8	44.9	8.4	141
4/83	54.4	38.1	7.5	155
7/83	65.5	30.5	4.0	176
10/83	55.0	40.4	4.6	163
1/84	65.8	30.9	3.4	180
4/84	60.0	36.1	3.9	171
7/84	51.8	42.0	6.3	155
10/84	44.7	48.3	7.0	145
1/85	49.6	40.8	9.6	151



Number of Franchised New Car Dealerships

For the second consecutive year the total franchised new car dealership count remained unchanged. Unlike last year, however, the dealership count in each individual state also remained fairly stable. On January 1, 1985, there were an estimated 24,725 franchised new car dealerships in operation—the same count as at the beginning of 1983.

A strong increase in new vehicle sales coupled with a stable dealership population has, of course, resulted in a significant increase in size for most dealerships. Presented below are our current estimates as to the distribution of dealerships amongst our four volume categories.

Annual New Unit Sales Volume	Number of Dealerships
0-149	8,035
150-399	8,160
400-749	4,450
750 or more	4,080

The following explicatory notes are needed to interpret the breakdown of dealerships by category as presented in the table to the right.

- The large increase in the category entitled "handling both domestic and import makes" that occurred in 1984 was a result of Chevrolet's introduction of two captive imports—the Sprint and the Spectrum. Of the 8,600 dealers in this category in 1984, approximately 2,050 represent Chevrolet dealers that are selling their manufacturer's captive import and another 3,975 represent Chrysler dealers handling their manufacturer's captive import. The remaining 2,575 dealers represent domestic dealers dualled with a non-captive import.
- Starting in 1983, AMC-Renault dealerships have been classified as "handling domestic makes only." (Renault owns controlling interest in AMC, but Renault's largest sellers are built in the U.S.)
- Starting in 1982, Volkswagen dealers have been classified as domestic dealers (The majority of Volkswagens sold in the U.S. are produced in the U.S.)
- There is a growing trend for one dealer principal to operate, or have a financial interest in, more than one dealership. In such instances, each dealership has been counted once and placed in the category appropriate for the make(s) it handles. (Recent NADA surveys indicate that 13% of all dealers have a financial interest in more than one dealership.)
- Of the total 24,725 new "car" dealerships, approximately two-thirds sell or have the right to sell their manufacturer's light-duty truck models.

Estimated Number of Franchise New Car Dealerships

(As of the Beginning of the Year)

Year	Total	Handling Domestic Makes Only	Handling Both Domestic and Import Makes	Handling Imported Makes Only
1975	29,600	18,500	6,500	4,600
1976	29,300	18,900	5,600	4,800
1977	29,100	17,700	6,900	4,500
1978	29,000	11,800	12,700	4,500
1979	28,850	11,650	12,700	4,500
1980	28,250	11,600	12,100	4,550
1981	26,600	10,000	12,050	4,550
1982	25,700	14,450	7,250	4,000
1983	24,725	14,675	6,100	3,950
1984	24,725	14,625	6,225	3,875
1985	24,725	12,300	8,600	3,825

Source: NADA Industry Analysis Division

Estimated Number of Franchised New Car Dealerships

By State as of January 1, 1985

Alabama	343	Montana	202
Alaska	28	Nebraska	325
Arizona	194	Nevada	75
Arkansas	350	New Hampshire	166
California	1,745	New Jersey	745
Colorado	283	New Mexico	150
Connecticut	367	New York	1,410
Delaware	70	North Carolina	698
D.C.	9	North Dakota	199
Florida	780	Ohio	1,172
Georgia	596	Oklahoma	453
Hawaii	58	Oregon	312
Idaho	162	Pennsylvania	1,570
Illinois	1,278	Rhode Island	93
Indiana	630	South Carolina	315
Iowa	613	South Dakota	182
Kansas	440	Tennessee	450
Kentucky	370	Texas	1,530
Louisiana	378	Utah	153
Maine	198	Vermont	107
Maryland	362	Virginia	605
Massachusetts	585	Washington	385
Michigan	890	West Virginia	282
Minnesota	601	Wisconsin	770
Mississippi	310	Wyoming	101
Missouri	635	**TOTAL U.S.**	**24,725**

Source: NADA Industry Analysis Division

Total Dealership Sales Dollars

The total dollar sales of all franchised new car dealerships reached a record $230.6 billion in 1984, up 21.5% from 1983. Although the dollar sales increase was led by the recovery in new vehicle sales, the average dealer also had significant gains in both used vehicle and service and parts sales.

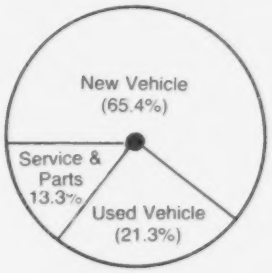
The chart below shows that the typical franchised dealership is increasingly becoming a large business. In sixteen states and the District of Columbia the average franchised dealership had sales in excess of $10 million. In only six states were average sales in 1984 below $5 million.

Total Sales of Franchised New Car Dealers

Year	All Dealers (Billions of Dollars)	Average Per Dealer (Thousands of Dollars)
1974	$ 76.3	$2,559
1975	84.2	2,860
1976	105.2	3,602
1977	121.9	4,196
1978	136.5	4,718
1979	142.9	5,005
1980	130.5	4,760
1981	144.6	5,529
1982	154.8	6,140
1983	189.8	7,711
1984	230.6	9,320

Source: U.S. Department of Commerce and NADA Industry Analysis Div.

SHARE OF TOTAL DEALERSHIP SALES DOLLARS
(By Department)
1984



1984 Total Sales By State

STATE	All Dealers ($ Millions)	Average Per Dealer ($ Thousands)	STATE	All Dealers ($ Millions)	Average Per Dealer ($ Thousands)
Alabama	$ 3,443	$10,038	Montana	$ 749	$ 3,709
Alaska	473	16,888	Nebraska	1,438	4,423
Arizona	3,171	16,340	Nevada	1,089	14,523
Arkansas	1,965	5,615	New Hampshire	1,162	7,003
California	24,771	14,195	New Jersey	7,864	10,556
Colorado	3,674	12,983	New Mexico	1,269	8,457
Connecticut	3,385	9,223	New York	12,033	8,534
Delaware	684	9,771	North Carolina	5,901	8,454
D.C.	118	13,160	North Dakota	857	4,308
Florida	14,330	18,372	Ohio	10,412	8,884
Georgia	6,591	11,059	Oklahoma	4,377	9,662
Hawaii	656	11,319	Oregon	2,608	8,360
Idaho	848	5,236	Pennsylvania	10,555	6,723
Illinois	10,964	8,579	Rhode Island	781	8,398
Indiana	5,204	8,260	South Carolina	2,828	8,978
Iowa	2,572	4,195	South Dakota	691	3,799
Kansas	2,486	5,651	Tennessee	4,688	10,418
Kentucky	2,728	7,374	Texas	18,012	11,772
Louisiana	3,917	10,364	Utah	1,309	8,556
Maine	1,076	5,436	Vermont	540	5,051
Maryland	4,888	13,503	Virginia	5,974	9,874
Massachusetts	5,943	10,159	Washington	3,389	8,803
Michigan	10,342	11,620	West Virginia	1,551	5,499
Minnesota	4,299	7,152	Wisconsin	4,515	5,864
Mississippi	1,862	6,008	Wyoming	496	4,910
Missouri	5,074	7,991	**TOTAL U.S.**	**230,552**	**9,320**

Relationship of Franchised New Car Dealer to Total Retail Trade

	Number of Dealers as % of Total Retail Establishments in the State	Dealer Sales as % of Total Retail Sales in the State	Dealer Payroll as % of Total Retail Payroll in the State	Dealer Employees as % of Total Retail Employment in the State
Alabama	2.0%	18.8%	11.7%	5.4%
Alaska	1.6%	16.8%	7.1%	5.1%
Arizona	1.6%	20.7%	11.1%	5.2%
Arkansas	2.6%	18.3%	10.7%	5.1%
California	1.4%	15.9%	11.1%	4.6%
Colorado	1.9%	20.2%	11.9%	5.1%
Connecticut	2.3%	17.8%	10.1%	5.2%
Delaware	1.9%	19.8%	9.8%	5.2%
D.C.	0.4%	2.7%	3.4%	0.9%
Florida	1.4%	21.5%	11.1%	5.4%
Georgia	2.3%	21.7%	10.1%	5.8%
Hawaii	1.0%	10.7%	7.5%	2.9%
Idaho	3.0%	17.8%	13.0%	5.8%
Illinois	2.5%	18.4%	9.0%	4.0%
Indiana	2.4%	17.0%	10.4%	4.2%
Iowa	3.2%	15.8%	11.6%	5.0%
Kansas	3.0%	18.5%	12.2%	5.4%
Kentucky	2.3%	14.7%	10.3%	4.7%
Louisiana	2.0%	18.5%	12.4%	5.3%
Maine	3.1%	17.2%	11.1%	6.1%
Maryland	1.8%	18.6%	10.3%	5.3%
Massachusetts	2.1%	15.2%	8.5%	4.3%
Michigan	2.3%	22.0%	10.6%	5.1%
Minnesota	2.7%	17.0%	10.0%	4.2%
Mississippi	2.8%	16.8%	12.5%	5.7%
Missouri	2.5%	17.2%	10.3%	4.7%
Montana	3.3%	16.6%	12.6%	5.8%
Nebraska	3.1%	15.8%	11.1%	4.7%
Nevada	1.7%	20.9%	12.3%	4.8%
New Hampshire	3.0%	19.6%	12.1%	6.4%
New Jersey	2.0%	17.5%	9.3%	4.4%
New Mexico	2.3%	19.4%	12.6%	5.5%
New York	1.7%	13.3%	7.2%	3.6%
North Carolina	2.4%	18.5%	10.8%	5.7%
North Dakota	3.9%	23.1%	15.4%	6.9%
Ohio	2.4%	18.7%	9.3%	4.4%
Oklahoma	2.9%	25.5%	11.9%	6.4%
Oregon	2.3%	15.7%	11.1%	5.0%
Pennsylvania	2.6%	17.6%	10.4%	5.0%
Rhode Island	1.9%	15.7%	7.8%	3.9%
South Carolina	2.3%	19.0%	10.6%	5.3%
South Dakota	3.6%	18.7%	13.3%	5.9%
Tennessee	2.2%	19.0%	11.3%	5.3%
Texas	1.9%	18.9%	11.0%	5.1%
Utah	2.5%	17.2%	11.0%	4.7%
Vermont	3.2%	18.6%	12.4%	6.1%
Virginia	2.4%	19.0%	12.2%	6.3%
Washington	2.1%	13.7%	9.8%	4.4%
West Virginia	3.3%	16.6%	12.9%	6.4%
Wisconsin	2.9%	19.6%	10.6	4.8%
Wyoming	3.0%	16.7%	12.8%	5.9%
Total U.S.	**2.1%**	**17.3%**	**10.3%**	**4.8%**

Source: NADA Industry Analysis Division

The New Vehicle Department

After rising 15% in 1983, new car unit sales advanced another 13% in 1984. The two year increase in sales is attributable to the economic recovery and the sharp rise in consumer confidence. It is generally believed that new car sales will show only a modest increase in 1985.

Domestic new car sales rose 17% in 1984, while import sales, which continued to be restrained by Japanese voluntary export quotas, rose only 2%. As a result, the market share of imports fell to 23.5%, their lowest level since 1979 and not considerably higher than their average level of penetration over the past ten years.

The table below shows that, on the domestic side, both Chrysler and Ford showed significant increases in market penetration. The only other manufacturer to increase its market penetration was Honda. Not unrelatedly, Honda was the only Japanese manufacturer that, at the time, had significant car production capabilities in the United States.

New Passenger Car Sales
Annual Totals

Year	Total Cars	Domestic Cars	Imported Cars	Imported Cars As a % of Total Sales	Small Cars As a % of Total Sales
1975	8,632,952	7,050,120	1,582,832	18.3%	51.3%
1976	10,105,750	8,606,573	1,499,177	14.8%	46.8%
1977	11,178,844	9,104,454	2,074,390	18.6%	47.0%
1978	11,310,411	9,307,998	2,002,413	17.7%	48.1%
1979	10,660,351	8,328,055	2,332,296	21.9%	56.6%
1980	8,978,584	6,578,252	2,400,332	26.7%	64.0%
1981	8,533,135	6,205,856	2,327,279	27.3%	65.2%
1982	7,979,745	5,756,658	2,223,087	27.9%	63.5%
1983	9,182,071	6,795,299	2,386,772	26.0%	57.9%
1984	10,390,815	7,951,523	2,439,292	23.5%	58.1%
Average '75-'84	9,695,266	7,568,479	2,126,787	21.9%	55.9%

Source: Ward's Automotive Reports

Market Penetration
Share of Total U.S. New Car Sales

Year	AMC	Chrysler	Ford	General Motors	Volkswagen	Datsun	Honda	Toyota	Other Imports	Total
1975	322,272 3.73%	997,116 11.55%	1,983,723 22.98%	3,747,009 43.40%	267,730 3.10%	259,842 3.01%	102,389 1.19%	287,103 3.33%	665,768 7.71%	8,632,952
1976	247,640 2.45%	1,301,940 12.88%	2,256,277 22.33%	4,800,716 47.50%	201,760 2.00%	270,103 2.67%	150,929 1.49%	346,900 3.43%	529,485 5.24%	10,105,750
1977	184,361 1.65%	1,219,752 10.91%	2,552,210 22.83%	5,148,131 46.05%	262,932 2.35%	388,383 3.47%	223,633 2.00%	493,048 4.41%	706,394 6.32%	11,178,844
1978	170,739 1.51%	1,146,258 10.13%	2,582,702 22.83%	5,385,282 47.61%	242,241 2.14%	339,364 3.00%	274,876 2.43%	441,800 3.91%	727,149 6.43%	11,310,411
1979	162,057 1.52%	942,205 8.84%	2,140,368 20.08%	4,917,911 46.13%	295,293 2.77%	472,252 4.43%	353,291 3.31%	507,816 4.76%	869,158 8.15%	10,660,351
1980	149,438 1.66%	660,017 7.35%	1,475,231 16.43%	4,116,482 45.85%	269,466 3.00%	516,890 5.76%	375,388 4.18%	582,195 6.48%	833,477 9.28%	8,978,584
1981	136,682 1.60%	729,873 8.55%	1,380,600 16.18%	3,796,696 44.49%	244,910 2.87%	464,806 5.45%	370,705 4.34%	576,491 6.76%	832,372 9.75%	8,533,135
1982	112,433 1.41%	691,703 8.67%	1,345,698 16.86%	3,515,660 44.06%	159,529 2.00%	470,246 5.89%	365,865 4.58%	530,246 6.64%	788,365 9.88%	7,979,745
1983	193,351 2.11%	841,622 9.17%	1,571,321 17.11%	4,053,561 44.15%	162,065 1.77%	521,902 5.68%	401,072 4.37%	555,766 6.05%	881,386 9.60%	9,182,071
1984	190,255 1.83%	986,998 9.50%	1,979,317 19.05%	4,587,508 44.15%	177,332 1.71%	485,298 4.67%	508,420 4.89%	557,979 5.37%	917,708 8.83%	10,390,815
Average 1975-1984	186,923 1.93%	951,748 9.82%	1,926,745 19.87%	4,406,896 45.45%	228,328 2.36%	418,909 4.32%	312,657 3.22%	487,934 5.03%	775,126 7.99%	9,695,266

Source: Ward's Automotive Reports

As shown in the chart to the right, new car sales showed fairly constant strength throughout 1984. October and November were the only months in which the seasonally adjusted annual rate of sales fell below ten million units. The lower level of sales in both of these months was a result of low inventories caused by the strike at General Motors and other start-up problems that occurred at new model introduction.

The strong rise in new car sales in both 1983 and 1984, coupled with the dealership attrition of past years, has resulted in a tremendous increase in the average number of new cars sold per dealer. In 1984, the average dealership sold 420 new cars—the highest level of sales ever.

The massive cost cutting measures undertaken by the automobile manufacturers during the past several years have allowed them to keep recent price increases very modest. In 1984, the average new vehicle selling price rose only 3.5%. The selling price figures below represent averages for actual transactions during the calendar year and, therefore, do not take into account quality increases or the shift in buyer preference towards larger, more expensive, cars. If these two factors were considered, the recent price increases would be substantially less.

The chart at the bottom right shows that, although the average number of new domestic cars in dealer inventories rose significantly in 1984, the average days' supply remained constant because of the increased rate of sales. Due to Japanese export restraints, import inventories have been very small in recent years. Import new car sales in 1984 were 22% greater than in 1978, but average import inventory levels were 64% smaller.

New Car Sales by Month
Seasonally Adjusted Annual Rate

	1984 Actual	1984 SAAR* (in millions)	1983 Actual	1983 SAAR* (in millions)	% Change 1983-1984
January	778,800	10.7	595,900	8.3	30.7%
February	841,400	10.7	627,700	8.2	34.0%
March	963,900	10.0	821,500	8.3	17.3%
April	895,600	10.2	764,200	8.8	17.2%
May	1,047,200	11.0	837,200	9.1	25.1%
June	952,500	10.8	904,000	9.8	5.4%
July	889,800	10.6	791,600	9.7	12.4%
August	814,900	10.0	740,700	9.0	10.0%
September	743,500	10.3	704,800	9.0	5.5%
October	901,500	9.7	860,800	9.9	4.7%
November	802,400	9.8	781,800	9.6	2.6%
December	759,300	11.0	751,900	10.6	1.0%
Full Year	10,390,800	10.4	9,182,100	9.2	13.2%

*Seasonally Adjusted Annual Rate

Average Number of New Cars Sold per Dealer and Average Selling Price per Vehicle

Year	New Cars Sold	Average Vehicle Selling Price
1974	300	$ 4,390
1975	295	4,750
1976	346	5,470
1977	385	6,120
1978	391	6,470
1979	373	6,950
1980	327	7,530
1981	326	8,850
1982	316	9,910
1983	373	10,725
1984	420	11,100

Source: NADA Industry Analysis Division

New Car Inventories & Days Supplies
(Yearly Average)

	Domestic		Import	
	Inventory	Days' Supply	Inventory	Days' Supply
1975	1,514,000	67	406,700	80
1976	1,465,000	55	535,000	111
1977	1,682,000	58	430,700	64
1978	1,804,000	61	606,900	93
1979	1,891,000	70	502,200	63
1980	1,506,000	71	458,100	55
1981	1,457,000	74	427,300	52
1982	1,294,000	71	380,800	54
1983	1,209,000	55	259,800	34
1984	1,413,000	55	215,500	26

Source: Ward's Automotive Reports

The Used Vehicle Department

In 1984, the used vehicle department accounted for over twenty-one percent of the average dealership's total sales volume. The number of used units retailed by franchised new car dealers in 1984 rose 11% to 9.4 million units; the highest level since 1978. Due to the continued strong demand (and relatively low supply) of high-quality used cars, the average selling price of used units retailed by franchised new car dealers has not moderated as much as new vehicle prices.

Franchised dealers obtain used vehicles from six major sources. NADA surveys indicate that the source of used cars retailed by franchised dealers during 1984 were as follows:

trade-in on new vehicle	53%
trade-in on used vehicle	20%
street purchase	9%
broker's wholesale	8%
auction purchase	7%
company vehicle	3%

NADA suveys also provide the following distribution of used units retailed by model year for franchised dealers in 1984:

Model Year	Percent of Total Sales
1984	5.4%
1983	11.3%
1982	14.8%
1981	14.9%
1980	12.4%
1979	12.3%
1978 & prior	28.9%

Used Vehicle Sales by Franchised New Car Dealers
(In thousands)

Year	Retail	Wholesale	Total
1975	9,137	2,144	11,281
1976	10,035	2,478	12,513
1977	10,097	2,847	12,944
1978	9,903	3,127	13,030
1979	8,804	2,810	11,614
1980	7,818	2,469	10,287
1981	8,178	2,582	10,760
1982	7,959	2,500	10,459
1983	8,508	2,687	11,195
1984	9,442	3,031	12,473
Average '75-'84	8,988	2,668	11,656

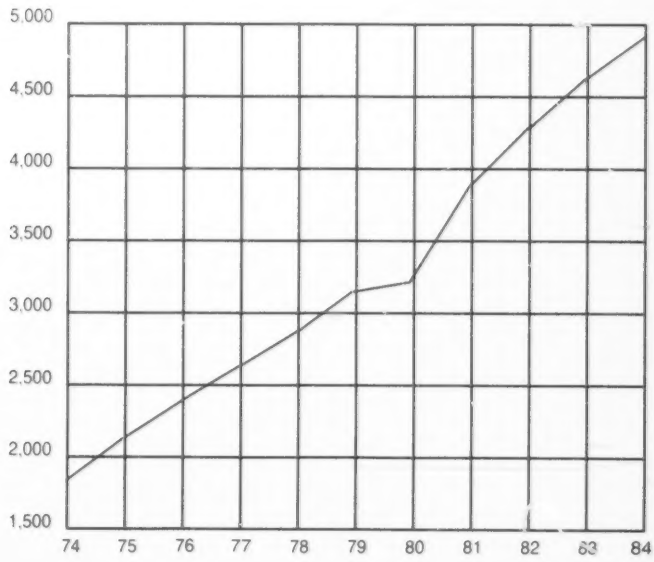
Source: NADA Industry Analysis Division

Average Selling Price of Used Cars Retailed by Franchised New Car Dealers

1975	$2,200
1976	2,400
1977	2,690
1978	2,930
1979	3,200
1980	3,380
1981	3,850
1982	4,300
1983	4,610
1984	4,950

Source: NADA Industry Analysis Division

Average Selling Price Used Cars Retailed by Franchised New Car Dealerships



The Service and Parts Departments

In 1984, the total service and parts market accounted for almost $95 billion in sales. An estimated $33 billion was spent on service labor, $46 billion on parts and accessories, and $16 billion on tires.

Presented below is a breakdown of service and parts sales by type of outlet for 1979 throught 1984. Franchised new car dealerships accounted for 32% of total service and parts in 1984, even though they accounted for only 8% of all auto repair facilities. This disproportionate market share reflects the dealer's propensity to do more difficult and more expensive repairs, as well as the fact that new car dealerships have larger facilities on average.

The average dealer in 1984 had a 6% increase in dollar sales per repair order and a 7% increase in the number of repair orders performed. As shown in the chart at the bottom right, warranty work exhibited the greatest increase in dollar sales. The recovery in new vehicle sales over the past two years has meant that vehicles still covered by warranty make-up a greater percentage of all vehicles in operation.

Number of Auto Repair Facilities 1984

Franchised New Car Dealerships	24,725
Auto Repair Shops	183,000
TBA Dealers	19,000
Service Stations	69,000
Mass Merchandisers	2,000
All Other	1,400
Total	**299,125**

Includes independent and franchised repair shops.

Includes only those outlets that perform "significant" repair work. (i.e. those establishments that perform work beyond simple oil changes or lube jobs and/or those establishments that receive at least 2% of total dollar revenue from service labor.

Source: NADA Industry Analysis Division

Total Service and Parts Market (Billions of Dollars)

	1979	1980	1981	1982	1983	1984
Franchised New Car Dealership	$23.1	$22.7	$23.1	$24.5	$26.8	$30.7
Auto Repair Shops*	17.7	18.8	19.9	21.0	23.1	25.6
Tire, Battery, and Accessory Dealers	13.3	14.7	16.1	17.0	18.7	20.5
Gasoline Service Stations	5.8	6.3	6.6	6.8	7.5	7.9
Mass Merchandisers	6.0	6.2	6.8	7.0	7.6	7.9
All Others**	1.8	1.8	1.9	2.0	2.0	2.1
Total	**67.7**	**70.5**	**74.4**	**78.3**	**85.7**	**94.7**

*includes independent and franchised repair shops.

**includes non-franchised dealers, farm equipment dealers, and fleet shops

Note: Revenue for each type of repair facility includes tire sales.

Source: NADA Industry Analysis Division and U.S. Bureau of Census.

Franchised New Car Dealer Service and Parts (Millions of Dollars)

Service Labor Sales	1983	1984	Percent Change
Customer Mechanical	4,365	4,810	10.2
Customer Body	1,917	2,189	14.2
Warranty	1,484	1,845	24.3
Sublet	931	1,094	17.6
Internal	1,540	1,794	16.5
Other	841	993	18.0
Total Service Labor	11,078	12,725	14.9
Parts Sales			
Customer Mechanical	3,199	3,498	9.4
Customer Body	1,962	2,224	13.4
Wholesale	5,080	5,704	12.3
Counter	1,301	1,363	4.7
Warranty	1,693	2,314	36.6
Internal	1,568	1,866	19.0
Other	878	969	10.3
Total Parts	15,681	17,938	14.4
Total Service & Parts	$26,759	$30,663	14.6

Source: NADA Industry Analysis Division

Employment and Payrolls

Dealerships are often one of the major employers in their local communities, therefore, it was a welcomed sign when dealers began to rebuild their payrolls after four years of consecutive decline. The total number of persons employed by dealerships increased 3.5% in 1983 and then increased another 6.8% in 1984. Nevertheless, total dealership employment is still 9.5% below the peak level reached in 1978.

The number and type of employees varies significantly among dealerships depending upon dealership characteristics such as size, location, primary make, and the distribution of sales among departments. It is estimated, however, that the total employment count of all dealerships in 1984 was distributed as follows:

New and used salespersons	170,000
Mechanics	198,800
Service and parts workers (other than mechanics)	200,000
Supervisors, general office workers, and others	211,000
Total	779,800

The average dealer in 1984 employed 32 persons and had an annual payroll of $623,000. The annual payroll of all dealerships totaled $15.4 billion and represented 10.3% of the total retail trade payroll in the nation.

Estimated Number of Employees of Franchised New Car Dealers

Year	Total Number For All Dealers	Average Number Per Dealer
1974	718,600	24
1975	728,000	25
1976	765,300	26
1977	810,400	28
1978	861,800	30
1979	837,300	29
1980	753,700	27
1981	705,100	27
1982	705,700	28
1983	730,300	30
1984	779,800	32

Source: NADA Industry Analysis Division

Estimated Number of Employees of Franchised New Car Dealers

1984 Averages by State

	Total Number All Dealers	Average Number Per Dealer
Alabama	11,788	34
Alaska	1,181	42
Arizona	11,323	58
Arkansas	6,229	18
California	83,286	48
Colorado	12,917	46
Connecticut	11,948	33
Delaware	2,405	34
D.C.	537	60
Florida	42,866	55
Georgia	21,382	36
Hawaii	2,715	47
Idaho	3,490	22
Illinois	33,210	26
Indiana	17,294	27
Iowa	10,157	17
Kansas	9,173	21
Kentucky	10,147	27
Louisiana	14,133	37
Maine	4,233	21
Maryland	17,632	49
Massachusetts	20,334	35
Michigan	31,454	35
Minnesota	14,537	24
Mississippi	7,170	23
Missouri	16,850	27
Montana	3,177	16
Nebraska	5,615	17
Nevada	3,555	47
New Hampshire	4,324	26
New Jersey	22,867	31
New Mexico	4,721	31
New York	38,389	27
North Carolina	21,149	30
North Dakota	3,325	17
Ohio	36,529	31
Oklahoma	12,973	29
Oregon	10,372	33
Pennsylvania	39,195	25
Rhode Island	2,688	29
South Carolina	10,351	33
South Dakota	2,898	16
Tennessee	15,841	35
Texas	54,424	36
Utah	4,603	30
Vermont	2,166	20
Virginia	23,598	39
Washington	12,887	33
West Virginia	6,644	24
Wisconsin	16,970	22
Wyoming	2,098	21
TOTAL U.S.	**779,800**	**32**

Source: NADA Industry Analysis Dept.

Annual Payroll of Franchised New Car Dealerships

1984 Year by State

	Total of All Dealerships ($ Millions)	Average Per Dealership ($ Thousands)
Alabama	206	601
Alaska	35	1,252
Arizona	235	1,210
Arkansas	103	294
California	1,936	1,110
Colorado	275	973
Connecticut	238	648
Delaware	45	644
D.C.	12	1,311
Florida	897	1,150
Georgia	420	704
Hawaii	51	883
Idaho	60	371
Illinois	695	544
Indiana	307	487
Iowa	171	279
Kansas	164	374
Kentucky	169	458
Louisiana	269	711
Maine	70	356
Maryland	362	999
Massachusetts	391	668
Michigan	649	730
Minnesota	278	462
Mississippi	118	382
Missouri	323	509
Montana	54	267
Nebraska	95	291
Nevada	86	1,144
New Hampshire	79	474
New Jersey	494	664
New Mexico	85	566
New York	763	541
North Carolina	373	535
North Dakota	61	305
Ohio	680	580
Oklahoma	259	572
Oregon	193	620
Pennsylvania	696	443
Rhode Island	48	518
South Carolina	174	552
South Dakota	47	260
Tennessee	286	635
Texas	1,162	759
Utah	86	564
Vermont	37	344
Virginia	445	735
Washington	271	704
West Virginia	105	372
Wisconsin	312	405
Wyoming	38	374
TOTAL U.S.	**15,408**	**623**

Source: NADA Industry Analysis Division

Average Weekly Earnings of Franchised New Car Dealer Employees in 1984

Alabama	337	Montana	326
Alaska	571	Nebraska	324
Arizona	399	Nevada	464
Arkansas	317	New Hampshire	350
California	447	New Jersey	416
Colorado	410	New Mexico	346
Connecticut	383	New York	382
Delaware	360	North Carolina	339
D.C.	422	North Dakota	350
Florida	402	Ohio	358
Georgia	377	Oklahoma	384
Hawaii	363	Oregon	358
Idaho	331	Pennsylvania	342
Illinois	403	Rhode Island	344
Indiana	341	South Carolina	323
Iowa	323	South Dakota	313
Kansas	345	Tennessee	347
Kentucky	321	Texas	410
Louisiana	366	Utah	361
Maine	320	Vermont	327
Maryland	394	Virginia	362
Massachusetts	369	Washington	404
Michigan	397	West Virginia	303
Minnesota	366	Wisconsin	353
Mississippi	317	Wyoming	346
Missouri	369	**TOTAL U.S.**	**380**

Source: NADA Industry Analysis Division

Annual Payroll of Franchised New Car Dealerships

Year	Total of all Dealerships (Billions of $)	Average Per Dealership (Thousands of $)
1975	8.40	285
1976	9.55	327
1977	10.96	377
1978	12.14	420
1979	12.10	424
1980	11.88	433
1981	12.10	463
1982	12.48	495
1983	13.63	554
1984	15.41	623

Source: NADA Industry Analysis Division

Average Weekly Earnings of Dealership Employees

1975	$222	1980	$303
1976	$240	1981	$330
1977	$260	1982	$340
1978	$271	1983	$359
1979	$278	1984	$380

Source: NADA Industry Analysis Department

Advertising and The Franchised Dealership

In 1984, franchised new car and truck dealers spent $2.2 billion on advertising—an increase of 28% from the 1983 level. Advertising expenditures as a percent of total sales reached 0.95%, its highest level ever. The table below shows that throughout the Eighties the advertising to sales ratio has been significantly higher than during the Seventies. In the early Eighties much of this increase was a result of the decline in total dollar sales growth. The more recent increases have been a result of the shift in the distribution of dealers across volume categories. (Large volume dealerships, which now represent a greater share of the total dealership population, have traditionally had higher advertising to sales ratios.) Compounding the effect of both these factors has been the strengthening in the positive relationship between advertising intensity and dealership size. Note, for example, that low volume dealerships actually have lower advertising to sales ratios now than they did during the Seventies.

Advertising as a Percent of Total Dollar Sales

	1984	1983	1982	1981	1980	1979	1978
Weighted Average of All Dealers	0.95	0.90	0.92	0.93	0.89	0.76	0.78
By Annual New Unit Sales Group							
I (0-149)	0.58	0.57	0.67	0.66	0.66	0.72	0.77
II (150-399)	0.74	0.67	0.77	0.80	0.74	0.70	0.75
III (400-749)	0.80	0.91	0.96	0.86	0.94	0.82	0.78
IV (750 or more)	1.09	1.07	1.08	1.08	1.01	0.92	0.87

Advertising Expenditures by Medium

Much of the increase in advertising intensity by large volume dealerships has occurred because of their shift towards a more expensive medium (i.e. television). The table below shows that virtually all of the growth in television advertising by dealers has been the result of the increased use of this medium by large volume dealerships.

Local Advertising by Franchised New Car Dealers

Estimated Totals Spent in 1984 by All Dealers

By Media Used	
Newspapers	1,204 Million
Radio	543 Million
TV	231 Million
Direct Mail	95 Million
Outdoor (Billboards, Signs)	44 Million
Programs (Theatre, Sports, School, etc.)	20 Million
Handouts or Handbills	9 Million
Displays & Demonstrations	25 Million
Other	19 Million
Total	**$2,190 Million**
By Type of Advertising	
New Vehicle	1,150 Million
Used Vehicle	613 Million
Institutional	230 Million
Service	197 Million
Total	**$2,190 Million**

Estimated Advertising Expenses per Dealer in 1984

Dealers Classified by Number of New Vehicles Sold in 1984

By Media Used	Average of All Dealers	1-149	150-399	400-749	750 or More
Newspapers	$48,670	$7,803	$24,919	$50,691	$160,340
Radio	21,975	4,028	12,707	20,865	54,881
TV	9,359	770	3,641	12,114	51,954
Direct Mail	3,825	685	1,889	3,803	11,386
Outdoor	1,771	332	796	1,420	6,088
Programs	815	122	478	916	2,283
Handouts & Handbills	354	87	132	137	878
Displays & Demos	1,009	161	583	1,127	2,693
Other	761	251	369	559	2,195
Total	**$88,539**	**$14,239**	**$45,514**	**$91,632**	**$292,698**
Total Advertising as a % of Total Sales	0.95%	0.58%	0.74%	0.80%	1.09%
Total Advertising per New Vehicle Sold	$154	$116	$137	$145	$176

Percent of Total Advertising Expenditures

	Newspaper			Radio			Television			All Other		
	1984	1983	1976	1984	1983	1976	1984	1983	1976	1984	1983	1976
Weighted Average of All Dealers	54.7	57.6	56.2	23.6	24.1	22.6	12.5	8.4	6.8	9.2	9.9	14.4
By Annual New Unit Sales Group												
I (0-149)	54.8	58.8	56.7	28.9	25.9	21.8	5.4	3.9	4.0	11.5	11.4	17.5
II (150-399)	54.8	56.6	55.7	27.9	26.6	25.7	8.0	7.3	5.3	9.3	9.5	13.3
III (400-749)	55.3	58.4	55.8	22.8	21.8	22.0	13.2	11.3	10.0	8.7	8.5	12.3
IV (750 or more)	54.8	55.8	53.2	18.8	16.5	19.5	17.7	19.2	14.9	8.7	8.5	12.4

Consumer Credit

As shown in the chart below, the average new car finance rate rose substantially for finance company loans, but fell slightly for loans made by banks. As a result, the spread between finance company and bank loans once again became positive for the first time since 1980.

In 1980, high interest rates were cited as one of the deterrents to new car sales. But, in 1984, average finance rates were not significantly lower than they were in 1980; yet the recovery in new car sales continued. The difference is availability. In 1980 and 1981, average new car finance rates were below the prime rate. Because of this banks retreated sharply from the new car loan market. As shown in the chart at the bottom right, the dollar amount of automobile paper outstanding at banks actually fell in both 1980 and 1981. In 1984, automobile paper outstanding at banks and credit unions rose 27%, whereas the outstandings for finance companies rose only 5%.

Another important trend in the automotive credit market in 1984 was the increasing length of new car loans. The average maturity, in months, of new car loans made by finance companies is presented below for various time periods.

Average Maturity of New Car Loans (finance company loans)

1970	34.7 months
1975	37.6 months
1980	44.7 months
1984	48.3 months
February, 1985	51.4 months

Average Finance Rate on New Car Loans

	At Finance Companies	At Banks	Average Prime Rate
1974	12.6%	11.0%	10.8%
1975	13.1%	11.4%	7.9%
1976	13.2%	11.1%	6.8%
1977	13.1%	10.9%	6.8%
1978	13.1%	11.0%	9.1%
1979	13.5%	12.0%	12.7%
1980	14.8%	14.3%	15.3%
1981	15.9%	16.5%	18.9%
1982	16.2%	16.8%	14.9%
1983	12.6%	13.9%	10.8%
1984	14.6%	13.7%	12.0%

Note: Bank series represents an average of direct 36 month loans for the period 1974-1982. For 1983 and 1984, the bank series represents the average of direct 48 month loans. The finance company series represents the average of all loans made.

Source: Federal Reserve Board

Automobile Paper Outstanding by Type of Lender
(as of end of year) (in millions of dollars)

	Commercial Banks		Credit Unions		Finance Companies		
	Total $ Amount	% of Total	Total $ Amount	% of Total	Total $ Amount	% Of Total	Total
1974	$32,774	60.4%	$10,869	20.0%	$10,623	19.6%	$ 54,266
1975	33,287	58.2%	12,741	22.3%	11,214	19.6%	57,242
1976	39,621	58.5%	15,238	22.5%	12,848	19.0%	67,707
1977	49,577	59.8%	18,099	21.8%	15,235	18.4%	82,911
1978	60,510	59.5%	21,200	20.9%	19,937	19.6%	101,647
1979	67,367	57.9%	22,244	19.1%	26,751	23.0%	116,362
1980	61,536	52.7%	21,060	18.0%	34,242	29.3%	116,838
1981	58,081	46.3%	21,975	17.5%	45,275	36.1%	125,331
1982	58,852	45.2%	22,596	17.4%	48,780	37.5%	130,227
1983	67,557	47.4%	25,574	18.0%	49,318	34.6%	142,449
1984	85,501	50.3%	32,456	19.1%	51,994	30.6%	169,951

Source: Federal Reserve Board

Consumer Installment Credit Outstanding
As of end of year (in Billions of Dollars)

Year	Total	Auto Paper	Auto Paper as Percent of Total
1974	164.6	54.3	33.0%
1975	172.4	57.2	33.2%
1976	194.0	67.7	34.9%
1977	230.6	82.9	36.0%
1978	273.6	101.6	37.1%
1979	312.0	116.4	37.3%
1980	313.5	116.8	37.3%
1981	331.7	125.3	37.8%
1982	344.8	130.2	37.8%
1983	396.1	142.4	35.9%
1984	477.0	170.0	35.6%

Source: Federal Reserve Board

Percent Change In Automobile Paper Outstanding
By Type of Lender

	Commercial Banks	Credit Unions	Finance Companies
1974	– 1.5%	11.5%	– 1.1%
1975	1.6%	17.2%	5.6%
1976	19.0%	19.6%	14.6%
1977	25.1%	18.8%	18.6%
1978	22.1%	17.1%	30.9%
1979	11.3%	4.9%	34.2%
1980	– 8.7%	– 5.3%	28.0%
1981	– 5.6%	4.3%	32.2%
1982	1.3%	2.8%	7.7%
1983	14.8%	13.2%	1.1%
1984	26.6%	26.9%	5.4%

Source: Federal Reserve Board

Vehicles in Operation and Scrappage

Over the past ten years, the total number of vehicles in operation has increased by 30%. Trucks and buses in operation have increased by 52%, while automobiles have increased by 25%. The stagnation in the economy from 1980 to 1982 and the long-term decline in the population growth rate, have resulted in a slowing in the rate of increase for vehicles in operation. The compound annual growth rate of automobiles in operation for various time periods is presented below.

1960-1965	3.7%
1965-1970	4.1%
1970-1975	4.0%
1975-1980	2.8%
1980-1985	1.8%

Vehicles in Operation as of January 1

	Automobiles	Trucks & Buses	Total
1975	98,356,000	23,788,000	122,144,000
1976	100,326,000	25,132,000	125,458,000
1977	101,338,000	26,506,000	127,844,000
1978	105,504,000	28,153,000	133,657,000
1979	109,800,000	30,322,000	140,122,000
1980	112,863,000	31,635,000	144,498,000
1981	114,921,000	32,761,000	147,682,000
1982	115,855,000	33,328,000	149,183,000
1983	117,702,000	34,091,000	151,793,000
1984	119,935,000	34,628,000	154,563,000
1985	123,125,000	36,100,000	159,225,000

Source: NADA Industry Analysis Division

Estimated Auto Scrappage

	Number of Cars Scrapped During Year	Scrappage % of Cars in Operation at Beginning of Year	Scrappage as % of New Car Registrations
1975	6,386,847	6.5%	76.4%
1976	8,851,087	8.8%	89.7%
1977	6,783,732	6.7%	62.0%
1978	6,775,261	6.4%	61.2%
1979	7,385,407	6.7%	70.7%
1980	6,802,569	6.0%	76.8%
1981	7,606,612	6.6%	89.1%
1982	5,996,172	5.2%	76.5%
1983	6,793,104	5.8%	75.3%
1984	6,928,000	5.8%	68.5%
Average '75-'84	7,030,879	6.5%	74.6%

Source: NADA Industry Analysis Division

Cars and Population

Year	Estimated Population Residing in U.S. (At End of Year) (Millions)	Estimated Passenger Cars in Operation (At End of Year) (Millions)	Persons Per Car
1910	92.6	0.5	185.2
1920	106.8	8.0	13.4
1930	123.4	20.4	6.0
1940	133.3	25.8	5.2
1950	153.6	37.6	4.1
1960	182.2	57.6	3.2
1970	206.0	82.9	2.5
1975	214.3	100.3	2.1
1980	228.8	114.9	2.0
1985	237.5	125.3	1.9
1990	248.5	137.4	1.8
1995	258.3	150.9	1.7
2000	266.6	165.1	1.6
2005	274.0	179.6	1.5

Source: U.S. Bureau of the Census and NADA Industry Analysis Division

Estimated Truck & Bus Scrappage

	Number of Trucks & Buses Scrapped During Year	Scrappage as % of Trucks & Buses in Operation at Beginning of Year	Scrappage as % of New Truck & Bus Registrations
1975	1,105,840	4.6%	45.1%
1976	1,750,729	7.0%	56.0%
1977	1,940,385	7.3%	54.1%
1978	1,880,591	6.7%	46.4%
1979	2,235,265	7.4%	63.0%
1980	1,404,547	4.4%	55.5%
1981	1,666,916	5.1%	74.6%
1982	1,720,624	5.2%	69.3%
1983	2,505,488	7.3%	82.4%
1984	2,575,000	7.4%	63.6%
Average '75-'84	1,878,539	6.2%	61.0%

Source: NADA Industry Analysis Division

Total Registrations

Total U.S. Motor Vehicle Registrations in 1984

	Autos	Truck and Buses	Total Vehicles*		Autos	Trucks and Buses	Total Vehicles*
Alabama	2,317,000	893,000	3,210,000	Montana	526,000	368,000	894,000
Alaska	234,000	144,000	378,000	Nebraska	828,000	427,000	1,255,000
Arizona	1,682,000	675,000	2,357,000	Nevada	542,000	213,000	755,000
Arkansas	927,000	501,000	1,428,000	New Hampshire	712,000	118,000	830,000
California	14,730,000	4,140,000	18,870,000	New Jersey	4,438,000	535,000	4,973,000
Colorado	2,020,000	759,000	2,779,000	New Mexico	819,000	462,000	1,281,000
Connecticut	2,185,000	155,000	2,340,000	New York	7,585,000	1,087,000	8,672,000
Delaware	361,000	92,000	453,000	North Carolina	3,543,000	1,147,000	4,690,000
D.C.	215,000	19,000	234,000	North Dakota	396,000	280,000	676,000
Florida	7,682,000	1,866,000	9,548,000	Ohio	6,520,000	1,349,000	7,869,000
Georgia	3,202,000	1,096,000	4,298,000	Oklahoma	1,745,000	1,030,000	2,775,000
Hawaii	573,000	60,000	633,000	Oregon	1,486,000	667,000	2,153,000
Idaho	530,000	359,000	889,000	Pennsylvania	5,868,000	1,110,000	6,978,000
Illinois	6,002,000	1,705,000	7,707,000	Rhode Island	524,000	81,000	605,000
Indiana	2,850,000	994,000	3,844,000	South Carolina	1,646,000	502,000	2,148,000
Iowa	1,780,000	751,000	2,531,000	South Dakota	399,000	242,000	641,000
Kansas	1,423,000	649,000	2,072,000	Tennessee	2,999,000	650,000	3,649,000
Kentucky	1,816,000	816,000	2,632,000	Texas	8,328,000	3,713,000	12,041,000
Louisiana	2,037,000	872,000	2,909,000	Utah	769,000	350,000	1,119,000
Maine	583,000	207,000	790,000	Vermont	298,000	88,000	386,000
Maryland	2,675,000	517,000	3,192,000	Virginia	3,405,000	580,000	3,985,000
Massachusetts	3,401,000	467,000	3,868,000	Washington	2,407,000	994,000	3,401,000
Michigan	5,038,000	1,291,000	6,329,000	West Virginia	925,000	401,000	1,326,000
Minnesota	2,448,000	915,000	3,363,000	Wisconsin	2,597,000	717,000	3,314,000
Mississippi	1,192,000	373,000	1,565,000	Wyoming	292,000	220,000	512,000
Missouri	2,553,000	907,000	3,460,000	**TOTAL U.S.**	**130,053,000**	**38,554,000**	**168,607,000**

*Total Vehicle Excludes Motorcycles (5,618,000)
Source: U.S. Department of Transportation, Federal Highway Administration

Total U.S. Motor Vehicle Registrations

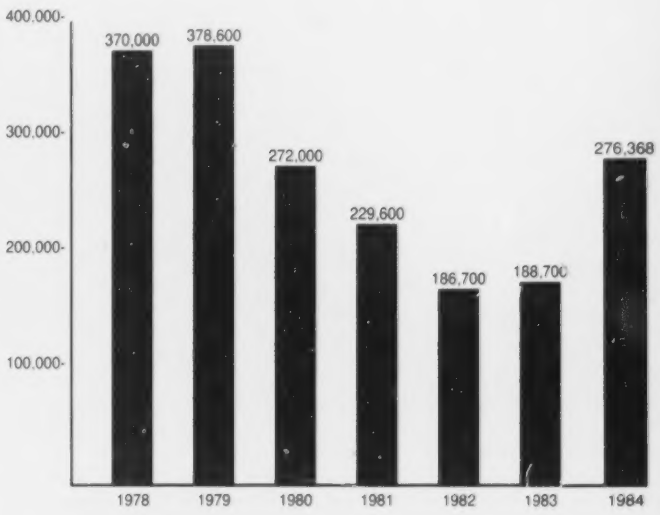
	Automobiles	Trucks & Buses	Total Vehicles
1975	106,713,000	26,238,000	132,951,000
1976	110,189,000	28,257,000	138,446,000
1977	112,288,000	30,093,000	142,381,000
1978	116,575,000	32,203,000	148,778,000
1979	120,248,000	33,870,000	154,118,000
1980	121,724,000	34,166,000	155,890,000
1981	123,462,000	34,995,000	158,457,000
1982	123,698,000	35,812,000	159,510,000
1983	126,728,000	37,133,000	163,861,000
1984	130,053,000	38,554,000	168,607,000

The Franchised New Truck Dealer

In 1984, the exclusive truck dealer body had a particularly good year. Total medium and heavy duty truck sales totaled 276,368, a 46.4% increase over the 1983 sales of 188,700. Combined, these dealers generated over $21 billion in total dollar sales and contributed to the dramatic recovery that few industry specialists predicted would happen. As 1985 opened, there were an estimated 2,590 medium and heavy-duty truck dealerships. As shown in the tables that follow, dealerships that are primarily engaged in the sale and service of medium and heavy duty trucks differ quite substantially from franchised new car dealerships. These medium and heavy duty truck dealerships rely much more heavily on their service and parts departments, as well as used vehicle sales. In 1984, truck dealers obtained almost 41% of their total sales dollars from these three departments.

Increasingly, the importance of the trucking industry to the national economy is being realized. Thousands of jobs and billions of dollars are generated by the manufacture, sale and service of the medium and heavy duty trucks that carry the freight. Medium and heavy-duty franchise holders are represented in Washington and in dealings with their manufacturers by the American Truck Dealers Division (ATD) and NADA. ATD membership increased 9% in 1984, and currently totals more than 1,750 dealers.

Medium & Heavy-Duty Trucks Unit Sales



New Truck Sales

Trucks are classified by gross vehicle weight into eight categories, as listed below.

1	0- 6,000 lbs.
2	6,001-10,000 lbs.
3	10,001-14,000 lbs.
4	14,001-16,000 lbs.
5	16,001-19,500 lbs.
6	19,501-26,000 lbs.
7	26,001-33,000 lbs.
8	33,001 lbs. and over

Groups 1,2, and 3 are light-duty trucks, groups 4, 5, and 6 are medium-duty trucks, and group 7 and 8 are heavy-duty trucks. In 1984, approximately 2,590 truck dealers sold 276,368 medium and heavy-duty trucks, an increase of 46.4% from the number sold in 1983.

New Truck Sales by Gross Vehicle Weight

	1984	1983	% Change 1983-1984
Class 1	2,031,003	1,325,637	53.2%
Class 2	1,229,111	1,206,599	1.9%
Class 3	1,146	145	690.3%
Total Light Duty	3,261,260	2,532,381	28.8%
Class 4	4	2	100.0%
Class 5	5,417	1,159	367.4%
Class 6	55,482	46,532	19.2%
Class 7	78,428	59,383	32.1%
Class 8	137,037	81,647	67.8%
Total Medium & Heavy	276,368	188,723	46.4%
Total Domestics	3,537,628	2,721,104	30.0%
Non-Captive Imports	554,859	408,370	35.9%
Grand Total	**4,092,487**	**3,129,474**	**30.8%**

Source: Ward's Automotive Reports

Truck Inventories

1984 Domestic New Truck Inventories

	Light-Duty		Medium/ Heavy-Duty		Total Trucks	
	Number	Days' Supply	Number	Days' Supply	Number	Days' Supply
January	608,804	67	40,733	64	649,537	67
February	628,629	61	44,198	60	672,827	61
March	636,154	55	49,694	63	685,848	55
April	632,023	55	52,441	55	684,464	55
May	623,658	50	55,440	58	679,098	50
June	639,692	57	59,944	62	699,636	58
July	581,005	53	55,910	52	636,915	53
August	638,279	75	58,300	68	696,579	74
September	670,318	65	56,949	55	727,267	64
October	689,436	75	59,036	61	748,472	63
November	724,334	67	63,350	70	787,684	67
December	720,875	75	62,420	68	783,295	74
1984 Average	**649,434**	**63**	**54,868**	**61**	**704,302**	**62**
1983 Average	**510,111**	**63**	**37,554**	**62**	**547,665**	**63**

Source: Ward's Automotive Reports

Truck Dealership Profile

Total Dollar and New Unit Sales of Medium and Heavy Duty Truck Dealerships

	1984	1983	% Change 1984-1983
Total Dollar Sales	$21,510,702,000	$14,672,023,000	+46.6%
New Vehicle Dept.	$12,626,782,000	$ 8,553,790,000	+47.6%
Used Vehicle Dept.	2,903,945,000	1,922,034,000	+51.1%
Service & Parts Dept.	5,979,975,000	4,196,199,000	+42.5%
Total New Truck Sales	328,518	238,573	+37.7%
Light Duty	52,150	49,850	+ 4.6%
Medium & Heavy Duty	276,368	188,723	+46.4%

Source: NADA Industry Analysis Division

Total dollar sales of all medium and heavy-duty truck dealerships reached $21.5 billion in 1984, up 47% from 1983. Although this increase was primarily spurred by the impressive and sustained recovery in new medium and heavy-duty truck sales, tremendous gains were made in the used vehicle, and service and parts departments as well. The used vehicle department improved dollar sales 51% in 1984, while service and parts increased almost 43%.

The continuation of good expense control practices on the part of dealers contributed to overall profitability. Dealership expenses amounted to 15.4% of total dollar sales in 1984, compared to 17.1% the previous year. After cutting back during the recession, dealers were still cautious about incurring new expenses until more confident of the strength and duration of the recovery.

American Truck Dealers Division
Membership by Listed Franchises
(As of April, 1985)

International	412
Ford	399
GMC	315
Chevrolet	306
Mack	124
Freightliner	126
White	130
Iveco/Magirus	101
Volvo	90
Mercedes	114
Kenworth	62
Peterbilt	65
Dodge	53
All Others	253
Total*	**2,439**

*Total exceeds ATD Membership due to multiple franchise outlets.

American Truck Dealers Division
Membership By State
(As of April, 1985)

Alabama	24
Alaska	2
Arizona	18
Arkansas	26
N. California	39
S. California	43
Colorado	21
Connecticut	26
Delaware	8
District of Columbia	1
Florida	56
Georgia	27
Hawaii	2
Idaho	14
Illinois	44
Chicago Area	16
Indiana	54
Iowa	29
Kansas	26
Kentucky	31
Louisiana	37
Maine	24
Maryland	34
Massachusetts	33
Michigan	46
Detroit Area	13
Minnesota	46
Mississippi	15
Missouri	46
Montana	15
Nebraska	22
Nevada	7
New Hampshire	18
New Jersey	49
New Mexico	12
New York	74
New York City Area	18
North Carolina	57
North Dakota	19
Ohio	94
Cleveland Area	4
Oklahoma	31
Oregon	23
E. Pennsylvania	68
W. Pennsylvania	52
Rhode Island	8
South Carolina	18
South Dakota	13
Tennessee	33
N. Texas	56
S. Texas	69
Utah	7
Vermont	8
Virginia	55
Washington	18
W. Virginia	24
Wisconsin	67
Wyoming	7
Canada	1
Puerto Rico	2
American Samoa	1
Total	**1,751**

Source: NADA American Truck Dealers Division

1984 Officers of the National Automobile Dealers Association

William J. Symes
President

Anthony Ursomarso
Treasurer

James B. Woulfe
First Vice President

James P. Jennings
Immediate Past President

Jack T. Price
Secretary

Frank E. McCarthy
Executive Vice President

1984 Industry Highlights

*Number of franchised new car dealerships (year end)	24,725
*Total dollar sales	
all dealerships	$230.6 billion
average dealership	$9,319,939
*Number of new cars sold	
all dealerships	$10,390,815
average dealership	420
*Total employment	
all dealerships	779,800
average dealership	32
*Total annual payroll	
all dealerships	$15.4 billion
average dealership	$623,000
*Total local advertising expenditures	
all dealerships	$2.2 billion
average dealership	$88,539
*Number of vehicles in operation (year end)	159,225,000
*Number of medium- and heavy-duty trucks sold	276,368

NATIONAL AUTOMOBILE DEALERS ASSOCIATION

NADA is the national representative for its members to federal legislators, regulators, and policy-makers; international and domestic vehicle manufacturers; the media; and consumers.

The association provides its members with marketing services and counsel on industry relations matters. It provides legal representation for dealers when called upon and operates a number of training services for dealers and their employees.

NADA is the largest retail consulting and service organization in the automotive industry. It offers members specialized services aimed toward improving dealership operations, sales penetration, and customer satisfaction. These services include:

20 Groups—forums for same-make dealers meeting regularly to solve mutual problems and to exchange ideas and information.

Sales Trak—a customized management program helping dealers improve new and used vehicle sales productivity.

Service Systems—highlights the profit potential of the dealership service department. Results of this program are on-time jobs and customer satisfaction.

Convention—the 68th Annual NADA Convention and Exposition was held January 26-29, 1985 in San Francisco, California 17,700 attendees and 154 exhibitors. The 1986 convention will be held in New Orleans, Louisiana, February 1-4. The 22nd Annual ATD Convention and Exposition was held April 20-23, 1985 in Washington, D.C., with 1,600 attendees and 50 companies participating in the exposition. The 1986 convention will be held in Anaheim, California, April 12-15.

Dealer Candidate Academy—a twelve month apprenticeship program helping dealers train their successors to profitably manage an automobile or truck dealership.

Management Education—sponsors workshops at national, state, and local conventions. Arranges periodic regional management seminars for dealers and managers. Publishes an array of management aids.

Official Used Car Guide—provides wholesale, retail, and loan values on all models for dealers, lending institutions, insurance companies, and others. Monthly circulation of over 350,000 with nine regional editions.

NADA Retirement Trust (NADART)—provides dealers and their employees with pension and profit-sharing plans.

National Automobile Dealers Insurance Trust (NADIT)—provides group insurance plans for automobile dealers, their management staff, and their families.

NADA Automobility Foundation—focuses attention on the value of the motor vehicle in society through media and public service programs.

NADA Charitable Foundation—a non-profit organization that provides financial support to deserving health and education activities.

Automotive Consumer Action Program (AUTOCAP)—voluntarily sponsored by 46 state and local dealer associations. The program assists in resolving dealer-consumer automotive disputes. 15 manufacturers currently endorse AUTOCAP.

American Truck Dealers (ATD)—represents the specialized interests of medium and heavy-duty truck dealer members. ATD members share in the programs, services, and benefits of NADA. A special committee of truck dealers, elected by truck dealers, supervises the activities of ATD.

Automotive Trade Association Managers (ATAM)—comprised of 103 state and local automobile trade associations in the U.S., Canada, and Mexico. An ATAM representative sits on every NADA committee.

P.S. NADA

Proven Services for Car and Truck Dealers